

**WORKING CAPITAL FUND BOARD
MINUTES OF MEETING
SEPTEMBER 16, 1997**

The meeting was brought to order by the Chair at 1:30 p.m.

Attendees: See attached list.

(1) INTRODUCTION

Tom Tamura, Acting Board Chair, opened the meeting by informing the Board members of the absence of the Board Chair, Archer Durham, due to a death in the family. He then welcomed the participants and acknowledged representatives of the NTEU. Representatives of the OMB did not attend.

(2) APPROVAL OF MINUTES OF THE JULY 1, 1997 MEETING

The Board approved the revised draft minutes of the August 12, 1997, meeting.

(3) FINANCIAL STATUS REPORT

The Board Secretary provided the following information:

- (a) Annualized projection of costs with year-to-date funding advances: The Board Secretary provided the Board with tables for each business line showing projected FY 1997 customer costs, and year-to-date advances to the Fund. The tables show that customer cost projections have decreased slightly. The table for the telephone business line includes the recent adjustments for telephone infrastructure charges.
- (b) Building occupancy comparison of FY 98 budget to estimate: A table was presented for the Building Occupancy business line comparing the amounts included in the FY 1998 Congressional budget with estimates for FY 1998 included in the FY 1999 OMB submission, and with a September 12, 1997 estimate. The table show an increase of \$863K due to the inability to vacate space as planned.
- (c) FY 1999 WCF Budget: The Secretary presented the Board with copies of the FY 1999 OMB Budget Submission for the Working Capital Fund.

(4) CFO PROGRESS

Elizabeth Smedley, introduced Woody Fisher of her organization, who provided the Board with an

overview of two draft financial policies on the Fund.

The CFO had two major objectives in writing the policy on administrative control of funds for the WCF: (1) develop a policy that would ensure that the Department has sufficient funds available to pay its bill on time while not accumulating excess funds in the WCF, and (2) ensure that WCF customers are treated equitably and that costs are distributed fairly. There are eight key provisions (simplified below) that summarize the document:

1. Customers will provide funds to the WCF cover their estimated annual costs at the beginning of the Fiscal Year once DOE has its full appropriation (special provisions will be made in the event of a continuing resolution).
2. When funds are provided to the WCF, these amounts will show up as obligations on customers' records.
3. The WCF will provide customers estimates of their projected annual costs updated on a monthly basis.
4. During the year, if it is determined that customers have paid amounts in excess of their consumption of resources, customers can request that funds be returned for other uses.
5. If it turns out that initial estimates of annual costs were too low, customers will be asked to provide additional funding.
6. Excess amounts provided by customers that still remain in the WCF at the end of the fiscal year will be carried over for the customer into the next year.
7. Disputes over amounts due to the WCF can be referred to the Dispute Resolution Council.
8. If customers have not paid sufficient amounts to cover costs (i.e cost of goods and services that have been or are being provided), the CFO will notify the customer that there are additional amounts that need to be paid. The customer will have ten working days to reply by either (a) providing the necessary funds, (b) submitting a plan that shows how they will reduce consumption to stay within the amounts already provided, or (c) contest the amounts owed by submitting a written dispute to the Dispute Resolution Council in accordance with established procedures.

After discussion of the draft policies, several technical amendments were made. The Board approved the policies as amended.

NOTE: Subsequent to the meeting, some Departmental activities received annual appropriations. These appropriations are being used to purchase Fund products and services. Since annual funds are subject to different controls, policy revisions are being considered to cover this situation.

(5) DISPUTE RESOLUTION COUNCIL REPORT

Richard Tedrow, Chairman of the Board's Dispute Resolution Council, had submitted written recommendations on the two disputes referred to the Council. The Council's unanimous recommendations were as follows:

- C That the Office of Nonproliferation and National Security (NN) is responsible for the \$5.09 Building Occupancy cost payment. Subsequent to the Council hearing, NN made the

payment. The Board approved the recommendation.

- C That the Office of Nuclear Energy, Science and Technology is responsible for the \$139K in telephone charges and \$283K balance of its charges for DCAA audits. NE had not made the payments as of the date of the Board meeting. Lang Soo Hoo of NE stated that NE will make the payments, but wanted it on the record that they did not get the \$139K for telephone charges transferred to their budget by HR. The Board approved the Council's recommendation.

(6) INSPECTOR GENERAL AUDIT REPORT

The Secretary provided the Board with copies of the August 21, 1997, draft IG audit report on the Fund entitled "Audit of the Internal Control Structure for the Department of Energy's Working Capital Fund," and a paper with the anticipated management response to the IG's findings. He noted that the Fund's response to the findings is due by September 19, 1997. The Secretary summarized the four findings in the Report and the management response. Both he and the Chair stated their agreement in principle with the IG findings, with the following exceptions:

- C Concerning mid-year adjustments to customer charges, the Fund management expects to draft a policy for Board approval, that will include provisions that will allow reduction of prices without formal Board action, but requiring Board action for price increases. A factor limiting the speed with which adjustments can be made is the lack of a financial system to supplement DISCAS, and the Fund is unwilling to invest large sums in developing one.
- C Concerning collection of information on the full costs of the WCF business to support management decisions, the Fund management intends to continue gathering information on the Federal salaries, space, supplies, and other such indirect costs supporting the Fund, but believes that the collection of more detailed information, such as calculation of the dollars spent on Board and Working Group meetings, to be an inefficient use of staff time, and only a small fraction of total indirect costs.

After a brief discussion, the Board approved the anticipated management response.

The Acting Chair expressed his and Mr. Durham's gratitude to the IG auditors for the good work that went in to this initial audit of the Fund.

(7) PRICING POLICY CLARIFICATION -- DESKTOP SERVICES

Flo Linn, spokesperson for the Information Management Working Group, briefed the Board on a proposed revision to the Desktop Support pricing policy. Flo stated that the group had developed a suite of support options for customers to choose from. In summary these were:

- C Subscription PC maintenance. Annual subscription providing unlimited on-sight repair, including parts and labor, for specified system components. (\$250 per year)
- C Subscription warranty administration. total unlimited warranty administration on all hardware items currently under manufacturer warranty, including pick-up, pack, ship,

track and ensure return for off-site maintenance, and vendor contact and required diagnostics for on-site maintenance. (\$100 per year)

- C Time and materials maintenance. Can be used in conjunction with maintenance subscription or utilized as sole option for maintenance. (\$75 per hour plus expenses)

Several Board members wanted to consult with their staff before voicing approval of the proposal. In the absence of specific objections, the Board Secretary recommended that the Board approve the pricing options as "provisional policy" to allow the CIO to move ahead on implementation planning. Subsequently the Board approved the options as the "provisional" pricing policy for the Desktop Support business.

(9) **MEETING PLANS**

The next Board meeting has not been scheduled.

(10) **OTHER MATTERS**

No other matters were presented to the Board.

(11) **ADJOURN**

The Board adjourned at 2:30.

BOARD:

Tom Tamura - HR	Steve Durbin - EI
Georr Judge - EH	Chuck Roy - FE
Steve Smith - FM	Robert DeGrasse - WT
Elizabeth Smedley - CR	Ralph Goldenberg - GC
Ed Inge - DP	John Clark - ER
Tom Ryder - NN	Howard Borgstrom - Board Secretary

OTHER PARTICIPANTS:

HR: Tom Tamura	Cherlynn Williams	CR: Woody Fisher
Pete Richards	Annie McCoy	Robert Meyers
Fran Feiner	Julie Karp	Bill White
Dean Smith	Carol Veschi	George Tengan
Roscoe Harris	Tony Nellums	Mike Lynch
Pete Grahm	Vince Brooks	Jack Lopez
Flo Linn	Howard Lewis	DP: Ray Greenberg
Bob Franklin	Linda Sye	ED: Linda Rudnick
Jeff Rubenstein	Doug Beilan	EH: Leslie Gasparow
Terry Sheppard	Dallas Woodruff	EI: Dan Woormer
Louis D'Angelo	CP: T. J. Hopkins	ER: Myrna Vallette

EM: Dan Phillips
IG: Barry Schrum
NE: Lang Soo Hoo
Mike Parrino
PO: Linda Whited
NTEU: Scott Chayette
Al Knight